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CHARLES S. MUSSON
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CHRISTIAN L. JUCKETT

PARALEGAL
MARY M. EMBRY

September 21, 2005

Ms. Beth O'Donnell, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Case 2005-00391

Re: Christian County Water District PSC Application

Dear Ms. O'Donnell:

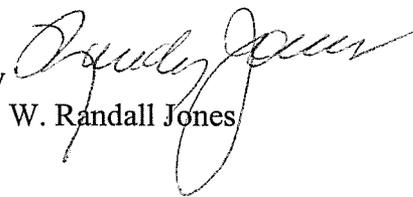
Enclosed please find the original and ten (10) copies of the Application of the Christian County Water District for an Order authorizing the issuance of securities pursuant to KRS 278.300.

This Application requests approval of the issuance of securities for the purpose of refunding certain high interest Bonds of the Applicant. **Due to the extreme volatility of the financial markets and the fact that this refunding is interest rate sensitive, we request that the Commission process the Application in an expedited manner and issue an Order on or before October 19, 2005 (the date set for closing the securities).**

Thank you for your assistance and if you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By 
W. Randall Jones

WRJ:jl
Enclosures

cc: Mr. James Owen, Christian County Water District
Ms. Kristen Curtis, Morgan Keegan

RECEIVED

SEP 23 2005

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

THE APPLICATION OF CHRISTIAN COUNTY)
WATER DISTRICT TO ISSUE SECURITIES)
IN THE APPROXIMATE PRINCIPAL AMOUNT)
OF \$3,305,000 FOR THE PURPOSE OF REFUNDING)
CERTAIN OUTSTANDING REVENUE BONDS OF)
THE DISTRICT PURSUANT TO THE PROVISIONS)
OF KRS 278.300)

CASE NO. 2005-00391

SEP 23 2005

PUBLIC SERVICE COMMISSION

** *** **** ***** **** *** **

APPLICATION

The Applicant, Christian County Water District (the "District"), files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") enter an Order authorizing the District to issue certain securities in the approximate principal sum \$3,305,000 (subject to adjustment of up to 10%), for the purpose of refunding certain outstanding waterworks revenue bonds of the District. In support of this Application, and in compliance with the rules and regulations of the Commission, the District states as follows:

1. The District was established in accordance with the provisions of Chapter 74 of the Kentucky Revised Statutes pursuant to an Order of the County Judge/Executive of Christian County, which Order is on file in the County Court Order Books in the office of the Clerk of Christian County, Kentucky. The District is now, and has been since its inception, regulated by the Commission, and all records and proceedings of the Commission with reference to the District are

incorporated in this Application by reference. The District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

2. The governing body of the District is its Board of Commissioners which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 74.070 and all applicable law and regulations.

3. The mailing address of the District is as follows:

Christian County Water District
c/o Mr. James Owen, Manager
P.O. Box 7
Hopkinsville, Kentucky 42241-0007
Telephone: (270) 886-3696

4. A general description of the District's water system property, together with a statement of the original cost, is contained in the District's Annual Report for 2004 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. The District proposes to borrow funds from the Kentucky Rural Water Finance Corporation ("KRWFC") pursuant to an Assistance Agreement (the "2005 Loan"), in the estimated principal amount of \$3,305,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as the Christian County Water District Waterworks Revenue Bonds, Series 1999, dated October 1, 1999, in the original principal amount of \$3,460,000 (the "Prior Bonds"). Said Prior Bonds are currently held in the open market.

6. The estimated debt service for the 2005 Loan is shown in **Exhibit A**, which is attached hereto and incorporated herein by reference. The debt service schedule and estimated interest rates are subject to change because of market conditions. The final terms and details of the 2005 Loan may vary from the present assumptions based upon market conditions and other business judgment factors.

7. The 2005 Loan will provide the District with the funds necessary to (i) refund the Prior Bonds; and (iii) pay the fees and expenses incident to the issuance of the 2005 Loan.

8. The Sources and Uses of Funds to be obtained from the issuance of the 2005 Loan are detailed as **Exhibit B**, which is attached hereto and incorporated herein by reference.

9. It is anticipated that the proposed refinancing will result in substantial revenue savings for the District. These savings are shown on the Debt Service Comparison, which is attached hereto and incorporated herein by reference as **Exhibit C**.

10. The final principal amount of the 2005 Loan will be adjusted, based upon final interest rates which will be known on or about September 21, 2005, in order to provide funds sufficient to redeem, in full, the Prior Bonds. Final financial figures will be submitted to the Commission in a timely manner. The Applicant will not issue the securities if interest rates in the bond market shift to a point where the Applicant will not achieve any savings.

11. The Debt Service Schedule of the outstanding Prior Bonds being refunded is set forth in **Exhibit D**.

12. The District represents that the 2005 Loan is in the public interest and is intended to accomplish the purpose of strengthening the financial condition of the District by producing substantial debt service savings. This is a lawful object within the corporate purposes of the District's utility operations. The 2005 Loan is necessary, appropriate for, and consistent with the proper performance by the District of its service to the public and will not impair its ability to perform that service.

13. The District represents that it will, as soon as reasonably possible after the closing of the 2005 Loan, file with the Commission a statement setting forth the date of issuance of the 2005

Loan, the price paid, the fees and expenses incurred in the issuance of the 2005 Loan, and the terms and interest rates of the 2005 Loan.

14. The detailed Statement of Revenue and Expenses, Balance Sheet and Statement of Cash Flows for the twelve month period ending on December 31, 2004 are attached hereto and incorporated herein by reference as **Exhibit E** respectively.

15. The remaining financial schedules and other information necessary for the Financial Exhibit required by 807 KAR 5:001, Section 6 and Section 11 (2) (a) are contained in the 2004 Annual Report which is on file with the Commission. The Annual Report is incorporated herein by reference.

16. Pursuant to 807 KAR 5:001, the District hereby responds as follows:

- (a) Section 6(4) Mortgages: The District does not have any mortgages in effect as of the date hereof.
- (b) Section 6(5) Bonds: The 2005 Loan will be secured by a pledge of the revenues of the District's System.
- (c) Section 11(2)(b): The District does not have any trust deeds in effect as of the date hereof.
- (d) Section 11(2)(c): No property is being acquired as the proceeds of the securities are being used for the refunding of the Prior Bonds.

17. The District hereby requests and moves for a deviation, pursuant to 807 KAR 5:001, Section 14, from the requirements of 807 KAR 5:001, Section 6, which requires that the financial data filed with the Application be for a twelve (12) month period ending within ninety (90) days of the filing of the application. The District states that there has been no change that is material in nature in the financial condition or operation of the District since December 31, 2004.

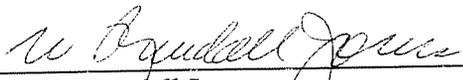
The financial data filed with this Application is for the twelve (12) month period ending December 31, 2004. This is the most recent published financial data available. Because of the volatility of the bond market, the District cannot run the risk of delaying the closing of the 2005 Loan while more current financial data is compiled. Also, the refunding of the Prior Bonds will save the District significant revenues thus improving the District's financial position.

18. No rate adjustment will be necessary.

WHEREFORE, the District respectfully requests that the Commission take the following actions:

1. Authorize the issuance of the securities requested in the Application prior to the closing date of **October 19, 2005**;
 2. Grant the District a deviation, to the extent necessary, from 807 KAR 5:001, Section 6 to allow the submission of the District's 2004 Annual Report and 2004 Audit in lieu of more recent financial data, there being no material change in the data in 2005 and due to the volatility of the present bond market; and
 3. Process this Application without a formal hearing in order to save time and expense.
- The District will promptly respond to any inquiries or information requests by the Commission's staff.

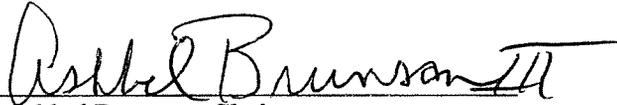
RUBIN & HAYS

By 
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Fax: (502) 569-7555
Counsel for Christian County
Water District

STATE OF KENTUCKY)
) SS
COUNTY OF CHRISTIAN)

The affiant, Ashbel Brunson, being first duly sworn, states: That he is the Chairman of the Christian County Water District, the Applicant in this case; that he has read the foregoing Application and has noted the contents thereof; that the same are true of his own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, he believes to be true and correct.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 20 day of September, 2005.



Ashbel Brunson, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Ashbel Brunson, Chairman of the Christian County Water District, on this the 20 day of September, 2005.

My Commission expires: Oct. 27, 2005.



NOTARY PUBLIC

\$3,305,000

*Christian County Water District
Kentucky Rural Water Finance Corporation
Flexible Term Program, Series 2005 B*

Debt Service Schedule**Part 1 of 2**

Date	Principal	Coupon	Interest	Total P+I
02/01/2006	55,000.00	3.000%	44,960.57	99,960.57
08/01/2006	-	-	66,615.85	66,615.85
02/01/2007	85,000.00	3.050%	66,615.85	151,615.85
08/01/2007	-	-	65,319.60	65,319.60
02/01/2008	85,000.00	3.150%	65,319.60	150,319.60
08/01/2008	-	-	63,980.85	63,980.85
02/01/2009	89,000.00	3.250%	63,980.85	152,980.85
08/01/2009	-	-	62,534.60	62,534.60
02/01/2010	94,000.00	3.400%	62,534.60	156,534.60
08/01/2010	-	-	60,936.60	60,936.60
02/01/2011	94,000.00	3.500%	60,936.60	154,936.60
08/01/2011	-	-	59,291.60	59,291.60
02/01/2012	98,000.00	3.540%	59,291.60	157,291.60
08/01/2012	-	-	57,557.00	57,557.00
02/01/2013	102,000.00	3.650%	57,557.00	159,557.00
08/01/2013	-	-	55,695.50	55,695.50
02/01/2014	107,000.00	3.740%	55,695.50	162,695.50
08/01/2014	-	-	53,694.60	53,694.60
02/01/2015	111,000.00	3.820%	53,694.60	164,694.60
08/01/2015	-	-	51,574.50	51,574.50
02/01/2016	115,000.00	3.950%	51,574.50	166,574.50
08/01/2016	-	-	49,303.25	49,303.25
02/01/2017	119,000.00	4.020%	49,303.25	168,303.25
08/01/2017	-	-	46,911.35	46,911.35
02/01/2018	123,000.00	4.090%	46,911.35	169,911.35
08/01/2018	-	-	44,396.00	44,396.00
02/01/2019	132,000.00	4.100%	44,396.00	176,396.00
08/01/2019	-	-	41,690.00	41,690.00
02/01/2020	136,000.00	4.150%	41,690.00	177,690.00
08/01/2020	-	-	38,868.00	38,868.00
02/01/2021	144,000.00	4.250%	38,868.00	182,868.00
08/01/2021	-	-	35,808.00	35,808.00
02/01/2022	148,000.00	4.300%	35,808.00	183,808.00
08/01/2022	-	-	32,626.00	32,626.00
02/01/2023	156,000.00	4.300%	32,626.00	188,626.00
08/01/2023	-	-	29,272.00	29,272.00
02/01/2024	164,000.00	4.350%	29,272.00	193,272.00
08/01/2024	-	-	25,705.00	25,705.00
02/01/2025	172,000.00	4.400%	25,705.00	197,705.00
08/01/2025	-	-	21,921.00	21,921.00
02/01/2026	179,000.00	4.450%	21,921.00	200,921.00
08/01/2026	-	-	17,938.25	17,938.25
02/01/2027	187,000.00	4.450%	17,938.25	204,938.25
08/01/2027	-	-	13,777.50	13,777.50
02/01/2028	194,000.00	4.500%	13,777.50	207,777.50

\$3,305,000

*Christian County Water District
Kentucky Rural Water Finance Corporation
Flexible Term Program, Series 2005 B*

Debt Service Schedule

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I
08/01/2028	-	-	9,412.50	9,412.50
02/01/2029	206,000.00	4.500%	9,412.50	215,412.50
08/01/2029	-	-	4,777.50	4,777.50
02/01/2030	210,000.00	4.550%	4,777.50	214,777.50
Total	\$3,305,000.00	-	\$2,064,174.67	\$5,369,174.67

Yield Statistics

Accrued Interest from 10/01/2005 to 10/19/2005.....	6,744.09
Bond Year Dollars.....	\$48,134.67
Average Life.....	14.564 Years
Average Coupon.....	4.2883327%
Net Interest Cost (NIC).....	4.4003628%
True Interest Cost (TIC).....	4.4209597%
Bond Yield for Arbitrage Purposes.....	4.2674669%
All Inclusive Cost (AIC).....	4.6676613%
IRS Form 8038	
Net Interest Cost.....	4.3580385%
Weighted Average Maturity.....	14.483 Years

\$3,305,000

*Christian County Water District
 Kentucky Rural Water Finance Corporation
 Flexible Term Program, Series 2005 B*

Sources & Uses

Dated 10/01/2005 | Delivered 10/19/2005

Sources Of Funds

Par Amount of Bonds.....	\$3,305,000.00
Accrued Interest from 10/01/2005 to 10/19/2005.....	6,744.09
Transfers from Prior Issue Debt Service Funds.....	87,787.81
Transfers from Prior Issue DSR Funds.....	251,000.00
Total Sources.....	\$3,650,531.90

Uses Of Funds

Original Issue Discount (OID).....	17,552.47
Total Underwriter's Discount (1.101%).....	36,372.81
Costs of Issuance.....	57,032.50
Gross Bond Insurance Premium (30.0 bp).....	16,107.52
Deposit to Debt Service Fund.....	6,744.09
Deposit to Net Cash Escrow Fund.....	3,515,825.68
Rounding Amount.....	896.83
Total Uses.....	\$3,650,531.90

\$3,305,000

*Christian County Water District
Kentucky Rural Water Finance Corporation
Flexible Term Program, Series 2005 B*

Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/30/2005	-	-	-	-	-
12/30/2006	166,576.42	450.00	167,026.42	239,790.01	72,763.59
12/30/2007	216,935.45	450.00	217,385.45	241,943.76	24,558.31
12/30/2008	214,300.45	450.00	214,750.45	238,973.76	24,223.31
12/30/2009	215,515.45	450.00	215,965.45	240,798.76	24,833.31
12/30/2010	217,471.20	450.00	217,921.20	242,288.76	24,367.56
12/30/2011	214,228.20	450.00	214,678.20	238,648.76	23,970.56
12/30/2012	214,848.60	450.00	215,298.60	239,719.38	24,420.78
12/30/2013	215,252.50	450.00	215,702.50	240,360.00	24,657.50
12/30/2014	216,390.10	450.00	216,840.10	240,719.38	23,879.28
12/30/2015	216,269.10	450.00	216,719.10	240,763.76	24,044.66
12/30/2016	215,877.75	450.00	216,327.75	240,491.26	24,163.51
12/30/2017	215,214.60	450.00	215,664.60	239,933.76	24,269.16
12/30/2018	214,307.35	450.00	214,757.35	239,091.26	24,333.91
12/30/2019	218,086.00	450.00	218,536.00	242,821.26	24,285.26
12/30/2020	216,558.00	450.00	217,008.00	241,018.76	24,010.76
12/30/2021	218,676.00	450.00	219,126.00	243,675.01	24,549.01
12/30/2022	216,434.00	450.00	216,884.00	240,890.63	24,006.63
12/30/2023	217,898.00	450.00	218,348.00	242,665.63	24,317.63
12/30/2024	218,977.00	450.00	219,427.00	243,853.13	24,426.13
12/30/2025	219,626.00	450.00	220,076.00	244,350.00	24,274.00
12/30/2026	218,859.25	450.00	219,309.25	244,150.00	24,840.75
12/30/2027	218,715.75	450.00	219,165.75	243,350.00	24,184.25
12/30/2028	217,190.00	450.00	217,640.00	241,950.00	24,310.00
12/30/2029	220,190.00	450.00	220,640.00	244,800.00	24,160.00
12/30/2030	214,777.50	450.00	215,227.50	489,250.00	274,022.50
Total	\$5,369,174.67	\$11,250.00	\$5,380,424.67	\$6,286,297.03	\$905,872.36

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	507,357.51
Effects of changes in Expenses.....	(6,742.04)
Net PV Cashflow Savings @ 4.668%(AIC).....	500,615.48
Accrued Interest Credit to Debt Service Fund.....	6,744.09
Transfers from Prior Issue Debt Service Fund.....	(87,787.81)
Contingency or Rounding Amount.....	896.83
Net Present Value Benefit.....	\$420,468.59
Net PV Benefit / \$3,215,000 Refunded Principal.....	13.078%
Net PV Benefit / \$3,305,000 Refunding Principal.....	12.722%

Refunding Bond Information

Refunding Dated Date.....	10/01/2005
Refunding Delivery Date.....	10/19/2005

\$3,460,000

*Christian County Water District
Series 1999*

Prior Original Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/30/2006	55,000.00	-	184,790.01	239,790.01
12/30/2007	60,000.00	-	181,943.76	241,943.76
12/30/2008	60,000.00	-	178,973.76	238,973.76
12/30/2009	65,000.00	-	175,798.76	240,798.76
12/30/2010	70,000.00	-	172,288.76	242,288.76
12/30/2011	70,000.00	-	168,648.76	238,648.76
12/30/2012	75,000.00	-	164,719.38	239,719.38
12/30/2013	80,000.00	-	160,360.00	240,360.00
12/30/2014	85,000.00	-	155,719.38	240,719.38
12/30/2015	90,000.00	-	150,763.76	240,763.76
12/30/2016	95,000.00	-	145,491.26	240,491.26
12/30/2017	100,000.00	-	139,933.76	239,933.76
12/30/2018	105,000.00	-	134,091.26	239,091.26
12/30/2019	115,000.00	-	127,821.26	242,821.26
12/30/2020	120,000.00	-	121,018.76	241,018.76
12/30/2021	130,000.00	-	113,675.01	243,675.01
12/30/2022	135,000.00	-	105,890.63	240,890.63
12/30/2023	145,000.00	-	97,665.63	242,665.63
12/30/2024	155,000.00	-	88,853.13	243,853.13
12/30/2025	165,000.00	-	79,350.00	244,350.00
12/30/2026	175,000.00	-	69,150.00	244,150.00
12/30/2027	185,000.00	-	58,350.00	243,350.00
12/30/2028	195,000.00	-	46,950.00	241,950.00
12/30/2029	210,000.00	-	34,800.00	244,800.00
12/30/2030	475,000.00	-	14,250.00	489,250.00
Total	\$3,215,000.00	-	\$3,071,297.03	\$6,286,297.03

Yield Statistics

Average Life.....	15.925 Years
Weighted Average Maturity (Par Basis).....	15.875 Years
Average Coupon.....	5.9078771%

Refunding Bond Information

Refunding Dated Date.....	10/01/2005
Refunding Delivery Date.....	10/19/2005

**CHRISTIAN COUNTY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	2004	2003
Operating revenues:		
Water sales	\$ 2,120,087	\$ 1,929,895
Other revenues	75,740	71,586
	2,195,827	2,001,481
Operating expenses:		
Water purchased	622,206	591,080
Depreciation	389,011	383,225
Salaries	354,874	346,968
Maintenance and repairs	41,497	18,064
Insurance	102,662	96,745
Electricity for pumping	45,493	47,770
Professional services	39,803	31,060
Office supplies and expense	56,246	53,009
Operating materials and supplies	27,486	43,342
Payroll taxes and fringe benefits	54,150	56,462
Transportation expenses	36,621	26,418
	1,770,049	1,694,143
Operating income	425,778	307,338
Nonoperating revenue (expense):		
Interest and dividend income	24,713	26,011
Gain on disposal of asset	(4,439)	1,358
Interest expense	(499,463)	(511,402)
Reimbursement from water supplier	192,534	-
Relocation income	40,539	-
Relocation expense	(40,539)	-
Amortization of bond issuance costs	(3,069)	(2,018)
Unrealized loss on investments	(3,072)	(726)
Realized gain on investments	(502)	3,329
	(293,298)	(483,448)
Income(loss) before capital grants and contributions	132,480	(176,110)
Capital grants and contributions	968,984	159,745
Change in net assets, carried forward	\$ 1,101,464	\$ (16,365)

The accompanying notes are an integral part of the financial statements.

**CHRISTIAN COUNTY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
Change in net assets, brought forward	\$ 1,101,464	\$ (16,365)
Net assets, beginning of year	<u>4,959,096</u>	<u>4,975,461</u>
Net assets, end of year	<u><u>\$ 6,060,560</u></u>	<u><u>\$ 4,959,096</u></u>

The accompanying notes are an integral part of the financial statements.

**CHRISTIAN COUNTY WATER DISTRICT
STATEMENTS OF NET ASSETS
DECEMBER 31, 2004 AND 2003**

ASSETS	2004	2003
Current assets:		
Cash and cash equivalents	\$ 255,380	\$ 223,656
Accounts receivable and unbilled revenues	607,320	341,019
Allowance for uncollectible accounts	(66,907)	(58,750)
Inventory	166,590	83,954
Prepaid expenses	9,775	4,059
Total current assets	972,158	593,938
Restricted assets:		
Cash - customers' deposits	39,625	35,350
Cash - bond and interest redemption account	209,693	373,650
Cash - depreciation reserve account	69,294	227,993
Cash - bond reserve account	506,257	396,675
Bond reserve account (KIA)	-	78,766
Investments - depreciation reserve	308,403	242,513
Total restricted assets	1,133,272	1,354,947
Property, plant and equipment:		
Water supply and distribution system	16,877,866	16,717,057
Less accumulated depreciation	(3,987,163)	(3,624,992)
	12,890,703	13,092,065
Construction in progress	1,341,200	138,309
Total property, plant and equipment	14,231,903	13,230,374
Other assets:		
Deposits	115	115
Deferred charges:		
Unamortized bond issuance costs	88,128	52,303
Total assets	\$ 16,425,576	\$ 15,231,677

The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY WATER DISTRICT
STATEMENT OF NET ASSETS, continued
DECEMBER 31, 2004 AND 2003

LIABILITIES AND NET ASSETS	2004	2003
Current liabilities:		
Accounts payable and accrued expenses	\$ 117,607	\$ 121,066
Construction accounts payable	73,970	159,534
Accrued wages	2,531	3,814
Notes payable - current	4,000	3,600
Total current liabilities	198,108	288,014
Current liabilities payable from restricted assets:		
Customers' deposits	39,625	35,350
Interest payable	219,994	230,311
Long-term debt-current portion	221,000	166,590
Total payable from restricted assets	480,619	432,251
Noncurrent liabilities:		
Long-term debt (net of unamortized discounts and premiums)	9,668,548	9,530,770
Notes payable	17,741	21,546
Total noncurrent liabilities	9,686,289	9,552,316
Total liabilities	10,365,016	10,272,581
Net assets:		
Invested in capital assets, net of related debt	4,324,078	3,533,014
Restricted for customers' deposits	39,625	35,350
Restricted for debt service	715,950	849,091
Restricted for capital projects	377,697	470,506
Unrestricted	603,610	71,135
Total net assets	6,060,960	4,959,096
Total liabilities and net assets	\$ 16,425,976	\$ 15,231,677

The accompanying notes are an integral part of the financial statements.

CHRISTIAN COUNTY WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
Cash flows from operating activities:		
Receipts from customers and users	\$ 2,130,217	\$ 1,951,913
Cash payments to suppliers for goods and services	(1,064,882)	(862,570)
Cash payments to employees	(409,250)	(402,065)
	656,085	687,278
Cash flows from capital and related financing activities		
Proceeds from grants	885,043	57,149
Purchases and construction of property and equipment	(1,490,236)	(205,152)
Principal paid on debt	(2,491,217)	(162,828)
Proceeds from bonds	2,716,813	-
Tap-on fees	77,025	86,750
Contributed lines	6,916	15,846
Proceeds from sale of fixed assets	5,100	2,295
Insurance proceeds	4,593	-
Customer deposits	4,275	(6,275)
Interest expense	(506,422)	(512,028)
	(788,110)	(724,243)
Cash flows from investing activities		
Interest on investments	8,519	26,011
Purchase of investments	(104,027)	(250,858)
Proceeds from sale of investments	50,458	214,525
	(45,050)	(10,322)
Cash at beginning of year	1,257,324	1,304,611
Cash at end of year	1,080,249	1,257,324
Less restricted cash		
Cash-customer deposits	(39,625)	(35,350)
Cash- bond and interest redemption	(209,693)	(373,650)
Cash-depreciation reserve	(69,294)	(227,993)
Cash-bond reserve	(506,257)	(396,675)
	(824,869)	(1,033,668)
Cash and cash equivalents per statement of net assets	255,380	223,656

The accompanying notes are an integral part of the financial statements.

**CHRISTIAN COUNTY WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	2004	2003
Cash flows from operating activities		
Operating revenue	\$ 425,778	\$ 307,338
Adjustment to reconcile revenue to net cash provided by operating activities:		
Depreciation	389,011	383,225
(Increase) decrease in:		
Accounts receivable and unbilled revenues	(65,610)	(49,568)
Inventory	(82,635)	17,484
Prepaid expenses	(5,716)	7,883
Increase (decrease) in:		
Accounts payable	(3,460)	19,795
Accrued wages	(1,283)	1,121
	<u>656,085</u>	<u>687,278</u>
Net cash provided by operating activities	<u>656,085</u>	<u>687,278</u>

The accompanying notes are an integral part of the financial statements.